
Southeast Europe Regional Competitiveness Meeting June 16 & 17, Belgrade

Summary of Proceedings

Introduction

In the first event of its kind, USAID Serbia convened a Regional Competitiveness Meeting on June 16 & 17 to promote regional trade and investment linkages and build capacity for regional firms to compete in North American, European, Middle Eastern and Asian markets through improved regional cooperation. Twenty-eight participants from USAID missions and projects in Bosnia & Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Romania, and Serbia & Montenegro attended this one and one-half day discussion event focusing on economic growth and job creation that contributes to prosperity and promotes political and economic stability.

The discussion included 3 half day sessions that were intended to be informal, focused and action-oriented:

- Session 1 -- An introductory session designed to provide context and a framework for the meeting. Participants addressed a few key questions including: (i) What do improved regional collaboration and market linkages actually mean in practice?; and (ii) What does success look and feel like for current competitiveness programs underway in Southeastern Europe?
- Session 2 – A closer look at regional cooperation in practice focusing on specific new ideas and near-term opportunities for regional collaboration.
- Session 3 – A working session to develop an action plan and obtain commitments to pursue priority initiatives on a regional basis.

Priority Initiatives and Next Steps

As a result of these deliberations, USAID Missions and implementers committed to combined action in five key areas: grades and standards; commodity pricing; regional clusters and cluster initiatives; National Council collaboration; and organization of a major regional competitiveness conference.

Grades & Standards Setting

Industries throughout the region have yet to align their grading and quality standards with those recognized by their potential international trading partners, particularly those in one of the largest target markets, the European Union. The relevant standards include those applicable to a number of industries, such as ISO certification, as well as industry-specific standards, such as HACCP standards for food processing.

The objective of this initiative is to harmonize regional standards with those of the EU, thereby improving competitiveness, raising quality levels and facilitating communications with potential customers. Working with trade associations, chambers of commerce, SME institutes, as well as with governments, the initiative will promote an awareness of the importance of standards among regional companies. The initiative will seek to build local capacity within the region, through training programs, so that there are local business service organizations capable of implementing standards within an organization and certifying that applicable requirements have been met.

Regional Commodity Pricing System

Lack of price information for agricultural products is a major hindrance to increasing regional trade in commodities and promoting the efficient use of resources. The recent demise of the Regional Commodity Exchange (RCE) has further complicated the situation.

This initiative is intended to resurrect, or build upon, the RCE and provide for broader commodity price dissemination through the creation of a web-based information and pricing system. Such a system is expected to stimulate regional agricultural trade by making domestic and international commodity prices more widely available, incorporating better price categorization and quality definition, and enabling price comparisons.

After the website is established, each regional project will be accountable for entering weekly pricing updates into the web site. Traders would then be responsible for making their own price comparisons.

Regional Cluster Development

Participants identified wood products and tourism as the two industry clusters where regional cooperation could have immediate impact.

Wood Products - The manufacture of furniture and wood products is a key industry throughout the region and a focus of a number of competitiveness programs. To date there has been no collaboration among the various domestic clusters groups.

This initiative will focus on the creation of a regional wood products cluster in order to align the competitive strategies of the various domestic clusters. Such a regional cluster would be positioned for greater success because it can benefit from joint procurement of equipment and raw materials, the harmonization of quality standards with EU and ISO requirements, more reliable grading of wood through independent testing and certification, and improved designs.

Tourism - Croatia is the favorite tourism destination in the region, but other Balkan countries have not developed strong tourism industries. A regional tourism offering should be stronger than what any individual country can provide, and the existing tourism cluster-related competitiveness projects represent a concrete opportunity to develop a stronger regional tourism offering while strengthening business linkages.

This initiative will connect tourism cluster leaders from various countries so that regional cooperation around common opportunities and obstacles can occur, and so that market research investments and other efforts can be leveraged across several countries. A strong regional, multi-destination tourism offering developed by several countries could result in greater international awareness, and increased visits and spending on tourism in Southeastern Europe. Depending on cluster member interest, a regional tourism cluster could emerge to work on aligning products and target segments, combining national tourism offerings into more compelling regional packages, developing a consistent brand message (e.g., safety) across the region, and creating consistent standards for accommodations.

Collaboration Among Competitiveness Councils

National competitiveness councils are being established in a number of countries throughout the region. These councils have an essential role to play in prioritizing and supporting the regional initiatives that are now being considered.

Participants will work with their national councils to establish a mechanism for regular meetings among council leaders and collaboration on regional issues. This will improve their effectiveness and make them stronger voices for promoting competitiveness in the region. By meeting and sharing ideas, regional council leaders can provide one another with specific models for council roles and operations as well as share lessons learned over time. Council communication across borders will also create tension and incentives within the individual councils to improve their performance. Importantly, their collective commitment to a number of priority regional initiatives will greatly improve the chances of that these initiatives will succeed.

Regional Competitiveness Conference

In order to bring together key decision-makers and build the momentum necessary to ensure that regional collaboration becomes reality, participants agreed to convene a major Regional Competitiveness Conference early in 2004. At this event, senior government, private sector, and civic society representatives would seek to further intra-regional cooperation and build the foundation for inter-regional competitiveness.